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UNCLAS TEL AVIV 000860

STATE FOR NEA, NEA/IPA, NEA/PPD

WHITE HOUSE FOR PRESS OFFICE, SIT ROOM NSC FOR NEA STAFF

SECDEF WASHDC FOR USDP/ASD-PA/ASD-ISA
HQ USAF FOR XOXX
DA WASHDC FOR SASA
JOINT STAFF WASHDC FOR PA
CDR USCENTCOM MACDILL AFB FL FOR POLAD/USIA ADVISOR
COMSOCEUR VAIHINGEN GE FOR PAO/POLAD
COMSIXTHFLT FOR 019

JERUSALEM ALSO ICD LONDON ALSO FOR HKANONA AND POL PARIS ALSO FOR POL ROME FOR MFO

SIPDIS

E.O. 12958: N/A TAGS: <u>OPRC</u> <u>KMDR</u> <u>IS</u>

SUBJECT: SPECIAL ISRAEL MEDIA REACTION

SUBJECTS COVERED IN THIS REPORT:

U.S. Special Envoy Sen. George Mitchell to Israel, West Bank,

Key stories in the media:

The Jerusalem Post reported that sources close to PM Benjamin Netanyahu were quick to dismiss reports of growing tensions between Israel and the U.S. over the best path for peace with the Palestinians. The sources described NetanyahuQs meeting with U.S. Special Envoy George Mitchell as a very positive one in which both

Israel and the U.S. promised to cooperate fully on regional matters. The Jerusalem Post quoted the sources as saying that Mitchell invited Netanyahu to visit Washington on May 11, but that this proved problematic for scheduling reasons. The Jerusalem Post reported that, during the conversation, Netanyahu assured Mitchell that Israel wanted to move forward to create a sustainable peace with the Palestinians, but that this peace had to take into account IsraelQs vital security interests.

All media reported that in his talks with senior Israeli officials, Mitchell emphasized the necessity of a two-state solution Maariv (Ben Caspit) quoted a senior Israeli diplomatic source as saying yesterday that PM Benjamin Netanyahu will eventually grudgingly recognize the principle of Qtwo states for two peoples.Q All media reported that in his talks with Mitchell, Netanyahu is trying to condition this on Palestinian recognition of a Jewish state. Maariv said that the Americans recognize the premierQs demand and that Mitchell used explicit language on the subject in his meeting with FM Avigdor Lieberman.

HaQaretz reported in its lead story that the Obama administration is preparing a Middle East peace process that will include simultaneous bilateral talks between Israel and the Palestinians, and between Israel and Syria. The plan is based on the Arab peace initiative that offers establishing normal relations between Israel and Arab League states in exchange for withdrawing from the occupied territories and establishing a Palestinian state. According to HaQaretz, the U.S. will put together a "security package," including demilitarization of the territories from which Israel will withdraw and the option of stationing a multinational force in them for years. HaQaretz cited the Obama administrationQs belief that a breakthrough in the peace process between Israel and the Arab states would restrain Tehran's influence and contribute to the diplomatic effort to block Iran's nuclearization. The regional peace plan will be the focus of President Barak Obama's meeting with Jordan's King Abdullah in the White House later this month. HaQaretz reported that senior Palestinian Authority officials told Western diplomats yesterday that PA President Mahmoud Abbas will be invited to the White House after the Jordanian King's visit to discuss the Palestinians' participation in the initiative. Although unconfirmed by American sources, Abbas's visit is expected to take place before Obama's first meeting with PM Benjamin Netanyahu. Saudi Arabia's King Abdullah is pressing the U.S. administration to adopt the Arab initiative, which began as a Saudi initiative. Maariv noted that Mitchell told his Israeli interlocutors that the U.S. is checking into the Saudi initiative as a means to fight the Iranian nuclear program and Qweaken the Axis of Evil.

The Jerusalem Post reported that President Shimon Peres told Mitchell yesterday that talk of Israel hitting Iran is absurd.

Maariv reported that FM Lieberman embarrassed Mitchell by not escorting him out of the Foreign Ministry. Yediot Aharonot reported that Egyptian intelligence chief Omar Suleiman is expected to meet with Lieberman in Israel next week.

All media reported that yesterday the Israel Air Force attacked a booby-trapped building near the Gaza border fence in response to a rocket attack from Gaza the night before. The IDF has evidence that the house had been serving terrorist groups in the Strip for attacks and kidnapping efforts directed at IDF border patrols. The structure, which contained hundreds of kilograms of explosives, was blown up, the first Israeli attack on Gaza in about three weeks. Israel Radio reported that last night a Qassam rocket was launched at Israel.

Leading media cited the independent Egyptian daily Al Masr Al-Youm as saying that two Palestinian Fatah members accused of belonging to the Hizbullah-linked cell uncovered recently in Egypt were planning to carry out a major suicide attack in Tel Aviv.

HaQaretz reported that the Israeli defense establishment is reconsidering the purchase of F-35 fighter jets due to the unexpected high cost and disagreements with the manufacturer regarding the installation of Israeli systems in the planes. "This is undoubtedly the ideal fighter plane, and we'd like to have it very much, but not at any price," a senior defense establishment official was quoted as saying. HaQaretz reported that a defense

establishment evaluation concludes that the IAF can maintain its operational and technological supremacy even without the advanced fighter aircraft. This could be achieved by upgrading the IAF's F-15 and F-16 aircraft and buying more advanced models.

The Jerusalem Post reported that yesterday DM Ehud Barak met with a delegation of U.S. congressmen and urged them to help Israel secure funding for the development and production of the Arrow 3 ballistic missile defense system. The daily also cited IsraelQs concern that the sale of the large American defense conglomerate Textron to a group of businessmen from the UAE will jeopardize deals with Israeli defense industries.

U.S. Special Envoy Sen. George Mitchell to Israel, West Bank:

Summary:

Diplomatic correspondent Ben Caspit wrote in the popular, pluralist Maariv: QIn order to position itself in front of Iran, a bloc of moderate Arab countries must present achievements garnered from Israel. It is Obama who will have to bring those goods. Netanyahu will have to provide them.

Diplomatic correspondent Herb Keinon wrote in the conservative, independent Jerusalem Post: QIt is likely that Netanyahu will come up with some of his own diplomatic initiatives to take up to Washington for his first meeting with Obama sometime in May.

Senior Middle East affairs analyst Zvi Bar'el wrote in the independent, left-leaning Ha'aretz: QThe Obama administration is beginning to look as if it might prefer Iran to the Arab axis.

Intelligence affairs correspondent Yossi Melman wrote in Ha'aretz: QIf I were Prime Minister Benjamin Netanyahu's national security adviser, I would advise attacking Iran.... In any case, Israel must wait in order to not disrupt U.S. President Barack Obama's strategy of talking to Iran, a strategy that is destined to fail.... I would explain to the Prime Minister than an attack alone, even if it succeeds, would not serve Israel's true national interests.

Editor-in-Chief Amnon Lord wrote in the editorial of the nationalist, Orthodox Makor Rishon-Hatzofe: QPresident Barack Obama is playing a dangerous game in the Israeli-Palestinian game.

Block Quotes:

¶I. QNo Way but Two States

Diplomatic correspondent Ben Caspit wrote in the popular, pluralist Maariv (4/17): QBenjamin Netanyahu will eventually recognize the principle of Qtwo states for two peoplesQ -- as if he had any choice in the matter. The problem is that this might not be enough. As it now looks, the Obama administration will not be happy with a Qdeclaration of principles,Q or declarations, or intentions, or well-covered conferences. Obama and Hillary Clinton will evaluate actions and only actions... Bibi will have to decide whether to join or remain [outside of an international coalition]... Barack Obama knows that, in order to handle the Iranian problem, he needs international backing. He will get it only if he comes to the Iranians with clean hands, holds true negotiations, and provides something else: Israeli goods. In order to position itself in front of Iran, a bloc of moderate Arab countries must present achievements garnered from Israel. It is Obama who will have to bring those goods. Netanyahu will have to provide them.

II. QRounding Up the Anti-Iranian Posse

Diplomatic correspondent Herb Keinon wrote in the conservative, independent Jerusalem Post (4/17): QThe expectation in Jerusalem is that the new U.S. administration will ask Israel to toe its line. In other words, what Obama is saying to Israel is, QI am putting

together a broad coalition that wants to make peace in the Middle East and stop the Iranians. What is your contribution?Q And itQs clear to a certain degree what the administration wants Israel to contribute.... [Israeli] government sources said recently that it is likely that Netanyahu, currently going over all elements of IsraelQs relationship with the Palestinians, including the status of the Roadmap and what was agreed upon in the negotiations between the Olmert government and the PA, will come up with some of his own diplomatic initiatives to take up to Washington for his first meeting with Obama sometime in May.

III. QAn Ever-Thickening Plot

Senior Middle East affairs analyst Zvi Bar'el wrote in the independent, left-leaning Ha'aretz (4/17): QIn exposing the Hezbollah cell, Egypt wants to focus all responsibility on Iran. The timing here is not coincidental. Now, while the U.S. is beginning to openly court Tehran, with President Barack Obama seeing it as a potential partner in solving regional problems -- from Iraq and Afghanistan, through Lebanon and even Palestine -- the time has come to expose Iran's plotting for terrorist activities.... If the Bush administration was seen as anti-Arab and anti-Muslim, as an administration that divided the Middle East into Qgood Arabs and bad Arabs,Q occupied Iraq and Afghanistan, saved Israel from itself, and considered Iran to be the central point of the Qaxis of evilQ -- the Obama administration is beginning to look as if it might prefer Iran to the Arab axis.

IV. QNeeded: A Formative Historic Event

Intelligence affairs correspondent Yossi Melman wrote in Ha'aretz (4/17): QIf I were Prime Minister Benjamin Netanyahu's national security adviser, I would advise attacking Iran. In any case, Israel must wait in order to not disrupt U.S. President Barack Obama's strategy of talking to Iran, a strategy that is destined to fail.... If I were the national security adviser, I would explain to the Prime Minister than an attack alone, even if it succeeds, would not serve Israel's true national interests. In order to implement a strategic breakthrough, the Israeli government will have to orchestrate a formative historic event. It must agree to the establishment of a Palestinian state and operate at a feverish pace to that end. In such a case, not only would the United States and the pro-Western Sunni Arab world accept the attack on their Shi'ite rival, they would even welcome it, thus making it possible to pave the way to more peace agreements with Arab nations, security arrangements a strategic alliance based on common interests.

¶V. QA Dangerous American Game

Editor-in-Chief Amnon Lord wrote in the editorial of the nationalist, Orthodox Makor Rishon-Hatzofe (4/17): QPresident Barack Obama is playing a dangerous game in the Israeli-Palestinian game.... Expectations raised by the Americans that Israel will swear to Qtwo states for two peoplesQ might invite flare-ups from the Palestinian side. Alternatively, the well versed Israeli side might itself initiate security moves that will take away the initiative from the terrorists.

CUNNINGHAM